

any increase in the supplies of this country. That certainly has to work towards a weak Canadian dollar and towards high interest rates.

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The inflationary effect and the effect on interest rates caused by the National Energy Program are clearly discernable. No one, I think, would say that that is the sole cause of our problems; that is only fair and right, because it is not. But it is a major component, and when it is added to the other problems we are struggling with, such as lack of confidence by investors at home and abroad in the Canadian economy, one can understand this, added on to the top, really puts the icing on the cake, if I may mix a couple of metaphors.

I hope and believe that the flight of capital from Canada last year is moderating. It will have to moderate, or else we will be in terrible trouble. In 1981, when the full force of the National Energy Program was felt, foreigners withdrew \$5.3 billion from Canada because of the Canadianization of the industry, or, as was the case in large measure, the nationalization of the industry, which are two different things. I am much more inclined to favour Canadianization than I am nationalization.

Canadians themselves transferred nearly \$5 billion out of the country because they found better places to invest in than there are in Canada. Then there was another \$8.5 billion that left the country, for which no one can attach any reason. Those amounts combined give a total of \$18.6 billion that left the country in 1981. We cannot stand that kind of drain or haemorrhage. One asks why the Canadian dollar is weak. That drain has to be a big part of the answer to that question, and the National Energy Program has to accept its share of the blame for producing that unsatisfactory situation.

As I mentioned a minute or two ago, we are now on to a National Energy Program, Marc II, the son of NEP. NEP's son does not sound right, so I think I shall stick with the National Energy Program, Marc II. We see there that the government has recognized some of the dangers that they were running into and have improved the cash flow to many companies in the oil business. I have to say that I am pleased that that has been done.

My hope is that that will prove to be enough. No one wants to see that industry flounder any longer than necessary. Some in the industry say that that is not enough, and there is evidence to that effect. I hope, however, that if it seems to be something short of what is required, the government will not wait another 18 months until the house is collapsing about their ears before they do something about that. I hope, if they see it is not working as expected, that they have the agility and promptness of mind and action to make some changes quickly. In the meanwhile, let us hope it works.

The Canadianization policy started 18 months ago, and, though it may not have gone into reverse, it certainly has lost its steam. It had to lose its steam because the Minister of Finance told it to. The Minister of Finance told the banks of Canada not to lend money for Canadianization of the oil

industry, particularly to pay foreigners. He told them not to do that, and they did not do that. The thing cooled off. So, there has been a halt, or a pause at any rate, in the Canadianization policy by government decree. That indicates that some of these matters could well have been anticipated before the whole debacle began.

In the \$2 billion total of National Energy Program, Marc II reversals for infusion of cash into the oil business, we see that the big companies, and they are almost all American, are the big winners in this scheme. If you do not think so, just take a look at the paper that the Minister of State for Economic Development was kind enough to give me last evening. This paper is entitled *The National Energy Program: Update 1982*, and tells us what the large producers are getting. It certainly looks pretty rich to me.

I am afraid that, as far as the small producers are concerned, a good deal of that money will never be paid out to a drilling rig. I think that most of that money will be paid to the banks. They will get it to pay the interest that is owing. If the company is lucky, it may be able to reduce the principal as well, but it seems to me that that large inflow of capital to small companies, which is trumpeted so loudly, and for which I must say I am thankful, even though I draw this to your attention, will not result in as much extra activity in the industry as you and I would like to see. Most of it will go into keeping these companies solvent and paying principal and interest payments to their creditors.

These are matters which we should look at, and which leads me to the conclusion that perhaps it is not enough, particularly when you consider that several of the items for which a tax holiday is granted, the taxes in this bill being among them, is for a two-year period only. One would have to think that long before the end of that time something else will have to be done, or we are going to find that we are not much further out of the mess than we are at the present time.

Looking at the National Energy Program, Marc II, one has to weep for self-sufficiency. Whatever became of self-sufficiency? We were told that we were going to achieve that with Alsands. Not bloody likely! Not these days. We were told we were going to achieve it with the Beaufort. Well, I hope so, if we keep Dome going.

Senator Doody: Hibernia.

Senator Roblin: The last one is Hibernia, and if my honourable colleague's friends in Newfoundland win the court case, heaven knows what will happen there.

So, I think one of the big casualties of the NEP has been the drive to self-sufficiency. That may still be within reach. I never underestimate the ingenuity of mankind. You cannot tell. It may be within reach by 1990, but I would have to say that it looks like it is not nearly as good a bet as it was before. The reason why it is not as good is because of the things that we, in Parliament, have authorized and done. That is one of the main reasons. There are others, but we have to take a good deal of the credit ourselves for being further away from self-sufficiency than we were when we started, and the reasons for self-suf-